

USAID/Kyrgyzstan

Operational Plan

FY 2006

June 13, 2006

Please Note:

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Program Performance Summary FY 2005: DEMOCRATIC REFORM

Country Situation: Flawed parliamentary elections in February and March provoked an uprising that ousted the Akayev government on March 24. A loose coalition of opposition figures quickly formed an interim government and decided to recognize the newly-elected parliament. Kurmanbek Bakiyev, the acting interim president, was elected president in July in elections deemed by the Organization for Security and Cooperation in Europe as marking significant progress towards meeting international standards. The election was the first constitutional transfer of power in Central Asia. The Bakiyev government launched initial steps to reform the constitution and state media, and to attack widespread corruption, but changes have not been as fast or effective as many may have hoped. While not reflecting the March events, Freedom House ratings remained the same in electoral process (6); national governance (6); civil society (4.5); and constitutional, legislative, and judicial framework (5.5). The score for independent media improved slightly from 6 to 5.75, and a new rating in local governance was 5.75. [Note: 7 is the worst score.]

Civil society in Kyrgyzstan, while very donor-dependent, is far more developed and free than in other Central Asian countries, and became more confident following the March events. The environment for NGOs generally improved, with less government interference and harassment. Non-governmental organizations (NGOs), civic organizations, and media are able, at times, to exert positive influences on government policy and legislation. The new Parliament largely consists of inexperienced legislators who were expected to be loyal to former President Akayev, so it is still unclear what their loyalties or policy interests will be in the post-Akayev era. Local governments are increasingly transparent and responsive, although the process of fiscal decentralization is proceeding slowly due to a lack of high-level political will. Local elections held in 2001 were the first direct local elections in Central Asia and resulted in over 40% of the incumbents being ousted. The constitutional referendum held in February 2003 greatly increased presidential control and limited both judicial and parliamentary independence as well as the activities of civil society; President Bakiyev appeared increasingly uninterested in proceeding with reforms of the constitution to reduce presidential powers, but the process of drafting amendments is continuing.

USAID faces the challenge of identifying and securing new opportunities to work with the Government on reform, and of maintaining the direction of democratic reforms, at the national and local level. The flawed constitutional referendum in 2003 was a setback for democratic institutions; however, a process of constitutional reform has been restarted under President Bakiyev. Independent media still struggles to achieve sustainability, but the level of freedom of speech has increased, resulting in less official censorship and self-censorship. New opportunities exist to combat corruption, which persists and threatens to impede meaningful reform in numerous areas. A high turnover in government positions, especially at the local level, could disrupt the momentum of some reforms. Consolidating gains in freedom of assembly; freedom of speech; and increased political space for NGOs, political parties, and Parliament will require sustained USAID support.

U.S. Assistance Priorities: Democracy and media programs in FY 2005 supported civil society development, civic advocacy, political party development, parliamentary transparency, independent media, local government reform, and prevention and protection activities to combat trafficking in persons. Our programs worked to expand the political space for political parties and NGOs, to increase sustainability of independent media outlets and encourage reporting that sought changes on political and social issues, and to assist professional associations and NGOs to develop more sophisticated, effective national advocacy campaigns. For the first time, local NGOs worked together on a coordinated campaign for free elections that encompassed voter education and monitoring activities. The legal education and civic education programs targeted the next generation of citizens and lawyers to encourage interactive learning and a focus on ethical behavior. The human rights program helped local activists to become more professional at monitoring and reporting on human rights abuses, and conducting advocacy on human rights issues.

The new authorities, as well as civil society and independent media, will need our continued support to consolidate democratic gains. Our assistance can play an important role in constitutional reform to support a transparent and inclusive discussion process. We also plan to be engaged in ongoing

development of political parties, assisting NGOs to monitor government performance and to conduct advocacy campaigns, and promoting the reform of the state TV/radio network. We will continue working in civic education, local governance, legal reform, anti-trafficking in persons, and human rights. In addition, we will launch new initiatives to support reform of law enforcement structures and judicial reform, as well as expand our parliamentary assistance. Our new conflict mitigation program will work with local communities to promote more accountable local government, youth employment, and community radio.

The selection of Kyrgyzstan as a Millennium Challenge Account threshold country also raises the opportunity to engage more directly with the Government on corruption issues, the principal area of reform required before Kyrgyzstan can be considered for compact status.

Program Performance: USAID's efforts to promote democracy have made significant achievements in certain areas. USAID-funded NGOs participated actively in conducting voter education and monitoring of parliamentary and presidential elections in 2005. USAID supported the first-ever use of inking to mark voters, an effort that was effective in curbing multiple voting. The USAID-funded parliamentary program worked with parliamentarians and their staffs to introduce principles of transparency. Efforts to promote legislative transparency and public input also support the reform process in all other sectors in which USAID is active. The USAID local governance program collaborates closely with the USAID-funded fiscal reform program to implement decentralization reforms. These reforms continued to move, though slowly, towards the implementation of the law passed in 2004 on fiscal decentralization. A USAID-funded civic education textbook, which empowers students with knowledge of their rights, began to be used in all secondary schools nationwide. An assessment of security sector reform was conducted to determine the direction of a new program in this area. USAID assistance supported the process of reform of state media, including the drafting of a new law on broadcasting, to encourage a transformation to public service broadcasting. USAID provided support for discussions on constitutional reform and facilitated commentary by constitutional experts. NGOs conducted advocacy campaigns on issues such as labor migration and alcohol and tobacco advertising.

While Kyrgyzstan does not appear to be sliding into open conflict, and conflict has not impeded program implementation, local-level conflicts erupted during the parliamentary election period and culminated in massive protests and some violence in Osh, Jalalabad, and Bishkek. The Andijan events in April pushed large numbers of Uzbek refugees into Kyrgyzstan, where their presence aggravated tensions in local communities. The border closure with Uzbekistan, and extremist elements that prey on the unemployed, are also sources of conflict. By the close of FY 2005, USAID was implementing conflict mitigation activities in 66 communities, primarily Ferghana Valley border communities, which have identified sources of local tension. Infrastructure and social projects directly benefited more than 534,000 people. The results included refurbished schools, health clinics, and new roads. Social projects helped to bring citizens of different ethnic groups together within communities and across borders. At the end of the fiscal year, USAID began a new generation of conflict programming to focus on job creation, youth leadership, and access to information in at-risk communities.

ECONOMIC REFORM

Country Situation: Kyrgyzstan was the first Central Asian Republic to undertake meaningful economic and social reform. It inherited one of the least competitive economies of the former Soviet Union, with relatively few natural resources other than water. While it has good agricultural, tourism, mining, and hydropower potential, it is handicapped by protectionist measures and corruption, both internal and in neighboring countries, serving to impede exports. Limited access to trade routes, deteriorating infrastructure, a heavy burden of external debt (\$1.9 billion), a weak (although improving) banking sector, as well as internal corruption at all levels, threaten economic and political reform and limit growth.

Economic indicators have been flat for 2005, owing to the disruption and loss of investor confidence following the March change of government. The Government approved several new, market-oriented laws developed with USAID assistance, including the Pledge Law, which facilitates credit by simplifying foreclosure, and the Law on Technical Regulations, which further deregulates the economy in compliance with World Trade Organization (WTO) commitments. Although the March 2005 'revolution' brings hope

for a more responsive government, it significantly destabilized state administration and staggered confidence in business circles. Even though Kyrgyzstan managed to avoid a financial crisis, the political instability and uncertainty in economic policy seriously affected production during 2005 (9.1% decline in industrial production and 4.1% decline in agricultural production during January to September 2005), increased unemployment, and stalled GDP growth (-0.4% for the first nine months of 2005). The current situation also is marked by an overall deterioration in the business environment.

Similarly, in the energy sector, the Government has consistently lacked the commitment to make the reforms necessary to put the electricity sector on a more solid financial footing. This constitutes a major barrier to internal economic development and foreign investment. The Kyrgyz distribution system experiences losses of up to 40%, an extremely high figure which can be attributed to old infrastructure, theft, and corruption. As with other sectors, the new Government has yet to determine its policy in the energy area. Kyrgyzstan is home to many of the regions major dams and hydropower facilities and there is a strong interest by both Kazakhstan and Russia to develop hydropower to cover shortages.

Agriculture is vital to Kyrgyzstan, as it represents 40% of GDP and 50% of employment. Since Kyrgyzstan is a semi-arid country, agricultural production is almost totally reliant on water deliveries from irrigation systems. These systems are in a serious state of disrepair and there is a critical need for the development of local, democratic institutions to take over their operation and maintenance.

On the positive side, the Government does appear to be open to economic reform, as it is looking for a way to deliver on its promises of increased growth and reduced corruption. The new Government identified as its main goal a comprehensive and consistent fight against poverty. Prime Minister Kulov wants to approach it through accelerated development of an efficient, corruption-free market economy.

U.S. Assistance Priorities: In FY 2005, USAID programs focused on accelerating economic growth by contributing to an improved environment for the growth of small and medium enterprises. Priorities included assistance 1) to strengthen the management and financial accounting capacities of SMEs; 2) to streamline the legal and regulatory environment affecting business, 3) to develop a system of commercial and land legislation in support of private enterprise and market development; 4) to improve budget and tax policies and practices; 5) to improve banking supervision; 6) to expand access to microfinance; 7) to improve business education; and 7) to develop agriculture and agribusiness through improved access to input supplies and agro-processors. Given the new environment in Kyrgyzstan, the Mission is assessing a number of new opportunities to strengthen the capacity of several key government agencies and the private sector, and to build a truly functioning public-private dialogue. In addition, USG assistance focuses on the development of a more sustainable energy sector and improvement of local capacity to manage critical water resources. In the future, USAID will move its focus in this sector to the development of a more efficient regional energy market.

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Program Performance: Firm-level consulting services to Kyrgyz businesses in the areas of Strategic Planning, Marketing, Finance, and Operations Quality Improvement were provided to 162 clients in FY 2005; 75 of them were women-owned businesses. These businesses realized an annualized increase in client sales of 51%. As a direct result of USAID assistance, 48 investment constraints were reduced and four WTO post-accession constraints were removed, hitting the 50 constraints target for this year. Among other indirect benefits, the elimination of discretionary steps in state agency procedures, increase in the transparency of government revenues and processes, simplification of procedures, increased predictability of requirements, elimination of illegal checkpoints, lifting of unnecessary prohibitions and requirements, and curtailing unauthorized inspections, will free 26,313 work days and save over \$4 million dollars annually.

Significant progress was made in increasing access to capital. This year, the focus of the USAID-supported European Bank for Reconstruction and Development Micro and Small Enterprise Finance

Program has been on regional expansion in order to offer finance in remote rural and economically-depressed regions. The program expanded to five new towns with 21 new outlets. The outstanding portfolio grew by 141% to \$22,700,000, of which female borrowers comprise 48%. The number of outstanding loans grew over two times, from 6,667 to 14,092; 55% of loans were to women. Within one year of operation, Frontiers, a wholesale regional microfinance lending facility based in Kyrgyzstan, generated a portfolio of \$1,962,184, with 45% of it being lent to Kyrgyzstani microfinance institutions. Frontiers' loans help microfinance institutions and credit unions to grow and expand regionally. USAID just completed its support to Bai Tushum Financial Fund. The fund's current portfolio exceeds \$5,760,000, which represents 3,014 active clients, of whom 36% are women. Bai Tushum already has a history of three commercial loans, which is a testimony to the Fund's strong capacity and high prospects for further growth.

Success was obtained through the introduction of new tools to strengthen water management. These tools allow Kyrgyzstan to predict with greater accuracy its internal water needs and the needs of downstream countries, allowing water reserves to be used for agriculture and electricity generation. The construction of a small hydro plant was also completed, increasing the electricity available to schools, medical facilities, and residents, and is expected to generate about 60 new places of employment in the community. Energy policy, however, proved to be a difficult area for success, primarily because of a lack of Government will and commitment to make reforms. USAID is currently considering a redesign of its policy work that would use a regional market to provide the Government with the desire to move forward.

Finally, a new project called AgFin+ has achieved success in improving farm productivity. The project has helped farmers to connect to specific markets, improve their productive capacity, and overcome constraints in doing business. This year, this project worked with over 1,000 Kyrgyz small farmers to develop their productive capacity. As a result, these farmers improved their incomes by more than 50%.

SOCIAL REFORM AND HUMANITARIAN ASSISTANCE

Country Situation: Despite our success in the health sector, anecdotal evidence indicates that the overall health situation is poor and is in need of dramatic improvement. However, reliable statistics are either not available or outdated and a full-scale demographic health survey has not been conducted since 1997. Tuberculosis (TB) is a growing problem in the penitentiary system and HIV/AIDS is a growing problem among high risk groups. In addition, government budget allocations for the health sector need to increase significantly and the Government has not reinvested savings generated through reforms into the health sector.

With the demise of the Soviet Union, Kyrgyzstan suffered a substantial deterioration of the once strong education sector. Schools lack resources to maintain their buildings and pay staff salaries. Extremely low salaries of teachers provide a disincentive for the younger generation to pursue careers in education, as well as for qualified teachers to remain in the profession, resulting in a lack of teachers, particularly in rural areas. A high percentage of teachers will retire in the next few years; finding replacements will be a major problem. The new government is supportive of all education programs implemented by donor agencies, including the USAID Basic Education Program, which improves access to quality education, and the USAID National Scholarship Test Initiative Program, which combats university level corruption in the admission process.

U.S. Assistance Priorities: Health programs in FY 2005 supported primary health care (PHC) reforms and prevention and control of infectious diseases, including HIV/AIDS, TB, and malaria. In 2005, USAID began the new five-year activity, ZdravPlus II, alternatively known as the Primary Health Care Reform Project (2005-2010); it will assist the Ministry of Health (MOH) to institutionalize past improvements and create a sustainable system to ensure the continued provision of quality, efficient health care. USAID's programs assisted the MOH in the development of the next national health reform strategy, known as the Manas Taalimi Program for 2006-2010. The program will be implemented using a sector-wide approach that pools donor resources with those of the Government. USAID will provide parallel technical assistance in support of Manas Taalimi. In the infectious disease area, the Central Asia Program for

AIDS Control and Interventions Targeting Youth and Other High-Risk Groups (CAPACITY) was initiated to build technical capacity as a complement to the national HIV/AIDS program. CAPACITY will implement a \$3.4 million grant from the Global Fund to Fight AIDS, TB, and Malaria (GFATM) to combat malaria. In addition, CAPACITY will promote transparency and efficiency in strategic planning, financial management, the procurement process, monitoring and evaluation, and coordination of the GFATM grant and other donor funding resources.

Program Performance: Achievements in primary health care reform have contributed to increased efficiency and improved quality of care. Access to PHC service improved through the State Guaranteed Benefit Package, which provides free services to the entire population. Evaluation of visits to outpatient care by different socio-economic groups of the population shows improved equality in health services utilization. The World Bank, KfW, and the British Department for International Development have agreed to provide their support from 2006-2010 for a nationally-led Sector Wide Approach, through which donor funds will be pooled to complement USAID technical assistance and Government resources for the health sector. This is the first such model in Central Asia. Restructuring efforts achieved significant improvements in the efficiency of health care delivery. The share of health care expenditures devoted to PHC also improved dramatically, doubling from 15% to 33% between 2001 and 2005. USAID's technical assistance has helped the MOH to develop its second health reform strategy, and to receive a \$3.4 million grant from the GFATM for malaria control. The application to the GFATM was developed with assistance from the World Health Organization under the USAID-funded Roll Back Malaria Program.

USAID's five-year Basic Education Program focuses on improving access to quality primary and secondary education in the Kyrgyz Republic. The program trains teachers in student-centered methods and supports the creation of low-cost learning materials, school community mobilization, education finance policy reforms, capacity building for education administrators, and limited infrastructure improvement. Despite efforts to increase public spending for education, funding for schools is lacking and inefficiently distributed. USAID has assisted the Ministries of Education and Finance to introduce a new financing mechanism based on a per capita formula, which is expected to bring equity in resource allocations in future budgets. Pilot teacher training programs based on interactive teaching methodologies are being developed and are slated for country-wide roll-out. The National Scholarship Testing Initiative, supported by USAID, allowed for transparent and fair distribution of state grants for undergraduate study. Since its introduction in 2003, more than 70,000 applicants took the test to compete for government-provided scholarships at colleges and universities. In 2005, the test began to be used by universities, not just for scholarship students but also for general admission purposes, and the Center for Educational Assessment and Teaching Methods, a local NGO, was established to take over administration of future tests.

FY 2006 Program**SO: 116-0131 Improved Environment for the Growth of Small and Medium Enterprises****Improve Economic Policy and the Business Environment**

Improve Economic Policy and the Business Environment (\$3,528,000 FSA, \$943,439 FSA carryover). USAID will strengthen central and local government fiscal management capacity and Parliament's capacity to conduct economic and policy analysis. USAID will also provide support to implement a pilot program to introduce more transparent tax administration processes with the Bishkek City Tax Inspectorate. USAID will assist in implementation of zoning regulations to offer more transparent investment alternatives to existing and potential land owners and users. USAID's planned new Business Environment Improvement Project will work with business associations, governments, and other stakeholders to increase the effectiveness and sustainability of local institutions and partnerships in their pursuit to improve the business, trade, and the legal environment. Principal contractors/grantees: Bearing Point, Chemonics International (CI), and to be determined (TBD) (primes).

Improve Private Sector Competitiveness

Improve Private Sector Competitiveness (\$1,423,000 FSA, \$19,200 FSA carryover). USAID's Enterprise Development Project will train six local partners throughout Kyrgyzstan on trade transactions and help the e-commerce facility administered by the project to become a sustainable commercial service. USAID will shift its work in the area of Small and Medium Enterprise (SME) development from firm-level assistance to strengthening local business service providers to increase competitiveness of Kyrgyzstan's SMEs. Future work will entail provision of technical assistance to SME support institutions, professional business associations, and the private sector. USAID will support implementation of International Financial Reporting Standards through increased sustainability of the professional certification program and professional accounting associations, ultimately to improve transparency and competitiveness of SMEs. Principal contractors/grantees: Pragma Corporation and TBD (primes).

Improve Quality of Workforce through Vocational/Technical Education

Improve Quality of Workforce through Vocational/Technical Education (\$400,000 FSA, \$356,185 FSA carryover). USAID will continue to strengthen the quality of business and economics programs in high schools and higher education institutions by helping them to become more responsive to the needs of businesses, creating sustainable faculty development and advocacy mechanisms, and supporting educational institutions to move toward international standards. Principal contractors/grantees: Carana Corporation and TBD (primes).

Increase Agricultural Sector Productivity

Increase Agricultural Sector Productivity (\$1,309,000 FSA, \$70,748 FSA carryover). Assistance will concentrate on the development of agribusiness through technical advice and specialized training courses. USAID will also contribute to this objective by improving land legislation and land management, and by eliminating constraints to the development of rural land markets. With an improved functioning land market, farmer beneficiaries will increase their land productivity. Principal contractors/grantees: International Fertilizer Development Center and CI (primes).

Strengthen The Financial Services Sector & Increase Access to Capital

Strengthen the Financial Services Sector and Increase Access to Capital (\$1,560,000 FSA, \$8,989 FSA carryover). USAID will work with the National Bank of Kyrgyzstan to raise its compliance with Basel Core Principles. USAID will continue to strengthen the capacity of local banks and microfinance institutions to

provide financial services to micro and small entrepreneurs on a sustainable basis. Special attention will be given to expand services to rural areas. Principal contractors/grantees: Bearing Point and TBD (primes).

Strengthen the Legislative Function/Legal Framework

Strengthen the Legislative Function/Legal Framework (\$140,063 FSA carryover). USAID will provide assistance to improve the commercial legislation framework. USAID will continue to build the capacity of legal professionals and the judiciary responsible for interpreting and applying laws and regulations, including third-party arbitration. Principal contractor/grantee: Associates in Rural Development (prime).

FY 2007 Program

SO: 116-0131 Improved Environment for the Growth of Small and Medium Enterprises

Improve Economic Policy and the Business Environment

Improve Economic Policy and the Business Environment (\$4,568,831 FSA). USAID will continue its assistance to Parliament in fiscal analysis and to central and local governments in strengthening their fiscal management capacities. Continued assistance will also be provided to implement zoning regulations. Further work will be conducted with business associations and the Government to improve the environment for businesses. Principal contractors/grantees: Bearing Point, CI, and TBD(primes).

Improve Private Sector Competitiveness

Improve Private Sector Competitiveness (\$3,181,000 FSA). Support will be provided to expand opportunities for businesses to grow and become more competitive. USAID will continue its work on accounting reform. Principal contractors/grantees: TBD (prime).

Increase Agricultural Sector Productivity

Increase Agricultural Sector Productivity (\$1,856,371 FSA). Further assistance will be provided to develop the agribusiness sector and improve land productivity. Principal contractors/grantees: International Fertilizer Development Center and Chemonics International (primes).

Strengthen The Financial Services Sector & Increase Access to Capital

Strengthen the Financial Services Sector and Increase Access to Capital (\$1,049,797 FSA). The National Bank will receive further assistance to improve its supervisory capabilities. USAID will also support further expansion of access to finance for micro and small entrepreneurs through banks and/or microfinance institutions. Principal contractors/grantees: Bearing Point and TBD (primes).

FY 2006 Program

SO: 116-0161 Improved Management of Critical Natural Resources, Including Energy

Improve Economic Policy and the Business Environment

Improve Economic Policy and the Business Environment (\$335,000 FSA, \$465,000 FSA carryover). USAID will implement a Regional Energy Market Assistance Program (REMAP) to provide technical assistance for the development of an electricity market in Central Asia. REMAP has the following objectives: 1) establish a transparent, competitive electricity market in Central Asia; 2) increase electricity trade in Central Asia, making development of hydroelectricity resources financially feasible, thereby stimulating economic growth; 3) introduce market-based solutions for current and future regional disputes

related to hydroelectricity facilities and reservoirs; and 4) build the capacity of regional electricity regulators to develop the electricity industry in the region, while protecting the interests of consumers. Principal contractor/grantee: to be determined (TBD) (prime).

Increase Agricultural Sector Productivity

Increase Agricultural Sector Productivity (\$1,055,000 FSA). Agricultural Finance Plus (AgFin+) aims to stimulate economic growth throughout the farm-to-market value chain. Through training and technical assistance, AgFin+ will assist farmers to overcome constraints they face in delivering products to targeted markets and to capture a return on their investment. The AgFin+ Program, complementing USAID's economic development activities such as small business development, will also stimulate agriculture-related businesses such as agri-services, agri-trade, and agri-processing, which are critical to the farm-to-market chain. Through improved production tied to specific markets, AgFin+ will link farmers to underserved markets, address financial constraints, provide on-farm support, and coordinate with other agricultural sector programs and institutions. Principal contractors/grantees: Development Alternatives Inc. (prime) and Winrock International (sub).

The growth of rural economies in Central Asia depends on local control of resources and increased citizen participation in decisionmaking. Local management of irrigation water resources is critical to the agricultural economy of Kyrgyzstan. USAID will continue its assistance to Water User Associations (WUA) to promote and stimulate WUA policy and procedural reforms, develop irrigation system demonstration models, conduct public outreach campaigns, and implement a grants program to assist WUAs. Principal contractors/grantees: Winrock International (prime), Academy for Educational Development (sub), and New Mexico State University (sub).

FY 2007 Program

SO: 116-0161 Improved Management of Critical Natural Resources, Including Energy

Improve Economic Policy and the Business Environment

Improve Economic Policy and the Business Environment (\$492,350 FSA). USAID will continue to work with Kyrgyz authorities on bilateral and multilateral agreements that support the development of a regional energy market through REMAP. Principal contractor/grantee: TBD (prime).

Increase Agricultural Sector Productivity

Increase Agricultural Sector Productivity (\$1,304,650 FSA). USAID will continue to invest in agricultural development by continuing work with targeted groups and markets, and assisting them to identify opportunities and overcome constraints in the farm-to-market value chain. USAID will also continue assistance to WUAs, including replication of efficient irrigation demonstration models; expanding public outreach to farmers, government, and other donors; and implementation of a competitive small grants program. Principal contractors/grantees: same implementers as above.

FY 2006 Program

SO: 116-0211 Strengthened Democratic Culture Among Citizens and Target Institutions

Establish & Ensure Media Freedom & Freedom Of Information

Establish and Ensure Media Freedom and Freedom of Information (\$800,000 FSA). USAID will provide technical assistance to the state broadcasting agency to help develop the organization's understanding of how to operate as a public broadcaster, as well as legal support to print and broadcast media to comply with local media regulations. In addition, USAID will provide production grants to local television stations to increase the availability of news and other analytical programming. Principal contractor/grantee: Internews (prime).

Promote Effective and Democratic Governance of the Security Sector

Promote Effective and Democratic Governance of the Security Sector (\$700,000 FSA). USAID will provide technical assistance to the Government to develop a strategic reform plan for the police. This plan will serve as the overall framework within which short-term initiatives will be identified to demonstrate to the public that the police are becoming less corrupt and more responsive to citizens' needs. USAID will fund a series of information activities to expand public knowledge of the reform process, and the role of the police in a democracy. Principal contractors/grantees: to be determined (TBD) (prime).

Reduce Trafficking In Persons

Reduce Trafficking In Persons (\$350,000 FSA, \$235,674 FSA carryover). USAID will provide financial support for information campaigns on trafficking, for the provision of services to trafficking victims through a network of shelters, and for the opening of a shelter to meet the needs of those trafficked for labor. USAID will also provide training to health workers on the treatment of victims, and to non-governmental organizations working on counter-trafficking to increase their financial and institutional sustainability. Principal contractor/grantee: International Organization for Migration (prime).

Strengthen Civil Society

Strengthen Civil Society (\$1,250,000 FSA, \$245,015 FSA carryover). USAID will provide funding for civic advocacy campaigns at the national level on democracy-related themes, including human rights, with a focus on campaigns that put forward the views of nationally representative or broad-based coalitions of organizations. To build upon prior civil society strengthening programs, USAID will provide technical assistance and training to existing networks or associations of non-governmental organizations (NGOs) to increase their sustainability. In addition, USAID will provide training to the growing number of youth organizations on organizational development, strategic planning, and NGO management. Principal contractors/grantees: Freedom House (prime), National Democratic Institute (prime), and others TBD.

Strengthen Democratic Political Parties

Strengthen Democratic Political Parties (\$485,000 FSA carryover). USAID will provide training and technical assistance to political parties to increase their constituency relations skills and their ability to develop programmatic platforms. USAID will also provide technical advice to the Central Elections Commission and other governmental organizations to improve the legal framework for elections administration and political party operation. Principal contractors/grantees: International Republican Institute (prime) and International Foundation for Electoral Systems (IFES) (prime).

Support Democratic Local Government & Decentralization

Support Democratic Local Government and Decentralization (\$1,100,000 FSA). USAID will expand its technical assistance and training to local governments to cover a greater number of districts and to provide more in-depth expertise on participatory budgeting, citizen relations, and financial management. Principal contractors/grantees: TBD (prime).

FY 2007 Program

SO: 116-0211 Strengthened Democratic Culture Among Citizens and Target Institutions

Establish & Ensure Media Freedom & Freedom Of Information

Establish & Ensure Media Freedom & Freedom of Information (\$1,410,000 FSA). USAID will provide legal advice to independent media and financing for the production of news and informational programming. Principal contractor/grantee: TBD (prime).

Promote Effective and Democratic Governance of the Security Sector

Promote Effective and Democratic Governance of the Security Sector (\$575,927 FSA). USAID will provide technical assistance for implementation of the Government of Kyrgyzstan's police reform plan. Principal contractor/grantee: TBD (prime).

Reduce Trafficking In Persons

Reduce Trafficking In Persons (\$169,933 FSA). USAID will provide financing to local non-governmental organizations for the provision of services to trafficking victims as well as technical assistance to these same organizations to increase their sustainability. Principal contractor/grantee: TBD (prime).

Strengthen Civil Society

Strengthen Civil Society (\$1,000,140 FSA). USAID will provide financing to NGOs to conduct national advocacy campaigns on democracy issues, with a focus on anti-corruption and human rights. Principal contractor/grantee: TBD (prime).

Strengthen Democratic Political Parties

Strengthen Democratic Political Parties (\$200,000 FSA). USAID will provide training to political parties on organizational issues and institutional development. Principal contractor/grantee: TBD (prime).

Strengthen the Justice Sector

Strengthen the Justice Sector (\$1,000,000 FSA). USAID will provide technical assistance to the court system to improve the efficiency with which commercial and anti-corruption cases are handled. Principal contractor/grantee: TBD (prime).

Support Democratic Local Government & Decentralization

Support Democratic Local Government & Decentralization (\$1,100,000 FSA). USAID will provide technical assistance and training to local governments on the use of participatory budgeting, asset management, and service delivery. Principal contractor/grantee: TBD (prime).

FY 2006 Program

SO: 116-0240 Conflict Mitigation

Mitigate Conflict and Support Peace

Mitigate Conflict and Support Peace (\$690,000 FSA, \$204,403 FSA carryover). Through the Peaceful Communities Initiative, USAID is focusing on building stronger relationships between citizens and local government in order to mitigate against conflict by more effective allocation of budgetary, natural and physical infrastructure resources. A second aspect of the program is focusing on social activities such as youth summer camps or tolerance training to bridge differences between ethnic communities living in close proximity. The first full year of the new Collaborative Development Initiative is focusing on local

economic development to increase employment, promote youth leadership, and increase access to information through collaborative partnerships between citizens, local government, community leaders and businesspeople. Principal contractors/grantees: Mercy Corps (prime), Internews (sub), and Urban Institute (sub).

FY 2007 Program

SO: 116-0240 Conflict Mitigation

Mitigate Conflict and Support Peace

Mitigate Conflict and Support Peace (\$899,000 FSA). The final year of the Collaborative Development Initiative will focus on hand-over mechanisms to ensure communities can continue efforts for local economic development on their own as a way to increase employment, promote youth leadership, and expand access to information. Principal contractors/grantees: Mercy Corps (prime), Internews (sub), and Urban Institute (sub).

FY 2006 Program

SO: 116-0320 Increased Utilization of Quality Primary Health Care for Select Populations

Address Other Health Vulnerabilities

Address Other Health Vulnerabilities (\$1,683,000 FSA, \$41,123 FSA carryover). USAID's health reform program, ZdravPlus II, will continue to support the Kyrgyz Government to increase utilization and quality of primary health care (PHC) services through the implementation of the Manas Taalimi National Health Reform Program. ZdravPlus II will work to improve continuing medical education for doctors, nurses, and feldshers (paramedics). USAID will expand its program to train midwives to provide family planning services to additional districts where there are insufficient gynecologists to reach PHC facilities at least once a week. USAID's maternal and child health program, Healthy Family, will train health providers on antenatal care, newborn care, and integrated management of childhood illnesses. Healthy Family will also develop and roll out national guidelines on infection prevention. Health center supervisors will receive training to upgrade their management and technical skills. USAID will continue to support the implementation of the World Health Organization-recommended live birth definition at the national level. Principal contractors/grantees: Abt Associates (prime), Morehouse University School of Medicine (sub), John Snow Inc. (sub), Boston University (sub), CitiHope (sub), Socium Consult (sub), Scientific Technology and Language Institute (sub), Institute for Sustainable Communities (sub), U.S. Centers for Disease Control and Prevention (CDC) (prime), and Project Hope (prime).

Prevent & Control Infectious Diseases Of Major Importance

Prevent and Control Infectious Diseases of Major Importance (\$683,000 FSA). USAID's TB Control Program will continue to support the implementation of the Directly Observed Treatment, Short Course (DOTS) strategy, and will improve surveillance systems, laboratory quality, and rational drug management. The program will strengthen national commitment and build political support for effective TB control, build human and systems capacity, and raise community awareness. The Centers for Disease Control and Prevention (CDC) will expand its surveillance activities on TB and conduct TB laboratory quality assurance training. CDC will continue to train Kyrgyz professionals through the Applied Epidemiology Training Program (AETP). Principal contractors/grantees: Project HOPE (prime), Johns Hopkins University Bloomberg School of Public Health (sub), John Snow Inc. (sub), New Jersey Medical School National TB Center (sub), and CDC (prime).

Reduce Transmission & Impact Of HIV/AIDS

Reduce Transmission and Impact of HIV/AIDS (\$1,099,000 FSA, \$4,841 FSA carryover). Through the Central Asian Program on AIDS Control and Intervention Targeting Youth and High-Risk Groups

(CAPACITY), USAID will continue its assistance to the Kyrgyz Government in implementing two grants from the Global Fund to Fight AIDS, TB, and Malaria. The project will also increase the capacity of local non-governmental organizations (NGOs) to reach vulnerable groups and will work with other donors to leverage additional resources. Training will be provided to health professionals to improve their skills in counseling, testing, and antiretroviral treatment. CAPACITY will work to improve resource use through integration of HIV/AIDS services into the overall health system. CDC will continue training Kyrgyz officials to use data from HIV sentinel surveillance, and will continue developing blood screening systems. USAID's Drug Demand Reduction Program (DDRP) will expand peer outreach work in the Fergana Valley, including Osh and Jalalabad. The DDRP Youth Power and Street Choices programs will focus on increased coverage of at-risk youth living along major drug routes in the region. The program will support NGOs working with prisoners and those working on treatment readiness and rehabilitation. The national HIV/AIDS program will employ DDRP's Unique Identifier System for client tracking. Principal contractors/grantees: John Snow Inc. (prime), Population Services International (sub), Abt Associates (sub), International HIV/AIDS Alliance (sub), Howard University (sub), Alliance for Open Society International (prime), Open Society International-Kyrgyzstan (sub), Accord (sub), AIDS Foundation East-West (sub), Internews-Kyrgyzstan (sub), and CDC (prime).

FY 2007 Program

SO: 116-0320 Increased Utilization of Quality Primary Health Care for Select Populations

Address Other Health Vulnerabilities

Address Other Health Vulnerabilities (\$2,987,000 FSA). ZdravPlus II will continue to operationalize the Manas Taalimi National Health Reform Program, incorporate the Sanitary and Epidemiological Services system into these reforms, and ensure that vertical, disease-specific programs are integrated fully within the primary health care system. The program to increase access to family planning services by training midwives will continue to be rolled out. Healthy Family will continue to improve the quality of maternal, child, and reproductive health care services in pilot areas. USAID will continue to support implementation of the World Health Organization-recommended live birth definition at the national level. Principal contractors/grantees: Same implementers as above; additional contractors/grantees TBD.

Prevent & Control Infectious Diseases Of Major Importance

Prevent and Control Infectious Diseases of Major Importance (\$767,000 FSA). CDC will continue the AETP to support the Ministry of Health with identification, investigation, documentation, and dissemination of information about outbreaks of infectious diseases through a trained cadre of public health epidemiologists, and will continue work to build capacity for TB surveillance. The TB Control Program will continue to work towards building an effective national response to TB. Principal contractors/grantees: same implementers as above; additional contractors/grantees to be determined (TBD).

Reduce Transmission & Impact Of HIV/AIDS

Reduce Transmission and Impact of HIV/AIDS (\$739,000 FSA). USAID's CAPACITY project will continue activities to strengthen implementation of the national strategy to prevent and control HIV/AIDS. CDC will continue to improve capacity for HIV surveillance and blood screening. In 2007, DDRP will transfer its best practice models for work with vulnerable youth and other target groups to local government and private counterparts. Principal contractors/grantees: same implementers as above; additional contractors/grantees TBD.

FY 2006 Program

SO: 116-0340 Improved Quality and Access to Basic Education in Target Areas

Achieve Equitable Access to Quality Basic Education

Achieve Equitable Access to Quality Basic Education (\$120,000 FSA, \$51,133 FSA carryover). Funding in FY 2006 will be used primarily for program management needs. In FY 2006, training and resource development at pilot schools and teacher training institutes will continue. USAID will identify an additional four Professional Development Schools (PDS) in the south of Kyrgyzstan where access to in-service teacher training is most limited. Linking these PDSs to 20 additional surrounding cluster schools will further expand methodology training for teachers of primary and secondary grades. We expect that more than 80,000 students will benefit from project activities and 2,300 new teachers will receive training. In-service teacher training institutes will begin to issue joint certificates with the USAID-supported PDSs. The new mechanism for financing in-service teacher training introduced in 2005, based on a pre-paid voucher, will be fully adopted in the Issyk-kul Region. Under the new scheme, each teacher will receive a pre-paid voucher, which can then be used to pay for methodology training offered by a variety of training providers, both private and state-owned. To address the broader problems in education finance, a new finance mechanism based on a per capita formula will also be piloted in Tokmok in FY 2006, introducing incentives for greater efficiency in the provision of educational services. Training for school administrators and local education authorities in school management will continue at the pilot schools. Principal contractors/grantees: Academy for Educational Development (prime), Open Society Institute (sub), and Abt Associates (sub).

USAID will provide funding for the National Scholarship test, to further strengthen the local non-governmental organization (NGO) Center for Educational Assessment and Teaching Methods (CEATM) in its capacity to develop and administer the nationwide scholarship exam. Funds will also be used to partially offset the cost of the 2007 test to prevent an increase in test fees. Principal contractor/grantee: CEATM (prime).

Following the recommendations of the independent mid-term program evaluation, which took place in FY 2005, USAID will fund in-depth assessments to explore potential program directions for a follow-on activity, on issues such as pre-service teacher training and education finance. Principal contractors/grantees: to be determined (TBD) (prime).

FY 2007 Program

SO: 116-0340 Improved Quality and Access to Basic Education in Target Areas

Achieve Equitable Access to Quality Basic Education

Achieve Equitable Access to Quality Basic Education (\$154,000 FSA). USAID will explore opportunities to use the capacity built during the first four years of this objective, and focus on institutionalizing the reform process. Program directions may include integrating modern teaching methodologies in pre-service teacher training institutes and linking the institutes with the Professional Development Schools, and continued reform of education finance. Principal contractor/grantee: TBD

FY 2006 Program

SO: 116-0420 Cross-Cutting Programs

Program Support

Program Support (\$1,545,000 FSA, \$458,557 FSA carryover, \$88,272 FSA prior year recoveries).

Participant Training Program: USAID will continue participant training to complement ongoing technical assistance in the following areas: improved environment for growth of small and medium enterprises, enhanced trade through cross-border opportunities, strengthened democratic culture, improved management of critical natural resources, increased utilization of quality primary health care, sources of conflict mitigated in target communities, and quality of education improved. Of particular note, the participant training program will continue to capitalize on opportunities in Kyrgyzstan that arise as a result of the political events that transpired during FY 2005. In spring 2006, a conference will be organized with training resources to bring together religious leaders from across the region to discuss religious extremism. More than 2,000 participants will be trained through participant training activities in

Kyrgyzstan during FY 2006. Principal contractor/grantee: Academy for Educational Development (prime).

Community Connections: In FY 2006, USAID will begin implementation of the Community Connections Program, a public diplomacy initiative previously funded by the State Department. Through the program, approximately 50 Kyrgyz citizens per year will participate in exchanges to promote mutual understanding between the United States and Kyrgyzstan through exposure to U.S. society and personal connections with Americans. The Community Connections Program will help achieve U.S. Government priorities in Kyrgyzstan by targeting individual entrepreneurs and professional groups that are central to economic and democratic reform. Exchange programs will last from 3-5 weeks and will be tailored to the individual needs of participants. Principal contractors/grantees: World Learning (prime) and American Councils for International Education (sub).

Eurasia Foundation: The Eurasia Foundation will target approximately 20 NGOs that contribute to private sector development and civil society strengthening through small grants. The NGOs will also benefit from institutional strengthening through intensive planning, reporting, and financial management training. In particular, in FY 2006, Eurasia Foundation will expand its Ferghana Valley Initiative through its newly-established local office by providing targeted grants to increase dialogue and cross-border linkages in this conflict-prone region. Additionally, grants will focus on strengthening independent media, improving local universities, and expanding eco-tourism opportunities. Principal contractor/grantee: Eurasia Foundation (prime).

Program Support: A wide range of program support will continue to be funded, including evaluations, technical assistance, management needs, public outreach, and staff costs. As required, funding will enable USAID to take advantage of unanticipated opportunities to advance or reinforce USAID strategic objectives. Furthermore, USAID will expand outreach efforts to engage traditional religious leaders in the region. The goal of this initiative is to better inform religious leaders about USAID programs and to bridge the gap with traditional community leaders whose views, in the past, have not generally been incorporated into USAID programmatic decision making. In accomplishing this goal, USAID will conduct tours of its programs for religious leaders and the media, hold regular representational events with religious leaders, and work with technical assistance providers to incorporate religious leaders into development activities. Principal contractor/grantee: N/A.

FY 2007 Program

SO: 116-0420 Cross-Cutting Programs

Program Support

Program Support (\$1,990,000 FSA).

Community Connections: USAID will continue the Community Connections Program, providing both professionals and businessmen with the opportunity to learn about U.S. society while enhancing their knowledge in areas of expertise. Approximately 50 Kyrgyz citizens will participate in the program during FY 2007. Principal contractors/grantees: World Learning (prime) and American Councils for International Education (sub).

Eurasia Foundation: The Eurasia Foundation will continue to provide grants and institutional strengthening on an open-door basis to approximately 20 NGOs in Kyrgyzstan that work in the sectors of private enterprise development, civil society strengthening, and public administration. Principal contractor/grantee: Eurasia Foundation (prime).

Program Support: A wide range of program and personnel support activities will continue. As required, funding will enable USAID to support unanticipated opportunities to advance or reinforce USAID objectives. Additionally, religious outreach efforts will continue and be expanded, through tours for and representational events with religious leaders. Principal contractor/grantee: N/A.

Results Framework

116-0131 Improved Environment for the Growth of Small and Medium Enterprises

Program Title: Small and Medium Enterprises

IR 1.3.1: Increased Opportunities to Acquire Business Information, Knowledge, and Skills

IR 1.3.2: More Responsive Financial Institutions, Instruments, and Markets

IR 1.3.3: Increased Implementation of Laws and Regulations

116-0161 Improved Management of Critical Natural Resources, Including Energy

Program Title: Energy and Water

IR 1.6.1: Increased Management Capacity in the Natural Resources Sector

IR 1.6.2: Improved Policy and Regulatory Framework

IR 1.6.3: Sustainable Models Developed for Integrated Natural Resources Management

IR 1.6.4: Public Commitment Established for Natural Resources Management Policies

116-0211 Strengthened Democratic Culture Among Citizens and Target Institutions

Program Title: Democratic Culture and Institutions

IR 2.1.1: Stronger and More Sustainable Civic Organizations

IR 2.1.2: Increased Availability of Information on Civic Rights and Domestic Public Issues

IR 2.1.3: Enhanced Opportunities for Citizen Participation in Governance

IR 2.1.4: More Effective, Responsive, and Accountable Local Governance

116-0240 Conflict Mitigation

Program Title: Conflict Prevention

IR 2.4.1: Strengthened Community Participation

IR 2.4.2: Improved Local Services Through Community Decisions

116-0320 Increased Utilization of Quality Primary Health Care for Select Populations

Program Title: Health and Population

IR 3.2.1: Select Populations are Better Informed about Personal Health Care Rights and Responsibilities

IR 3.2.2: Improved Quality of Health Care including Infectious Diseases and Maternal and Child Health

IR 3.2.3: Improved Use of Health Care Resources for Primary Health Care

IR 3.2.4: Improved Legislative, Regulatory, and Policy framework

116-0340 Improved Quality and Access to Basic Education in Target Areas

Program Title: Strengthened Basic Education Sector

IR 3.4.1: Improved Quality and Access to In-Service Teacher Education in Target Areas

IR 3.4.2: Increased Parent and Community Involvement in Target Areas

IR 3.4.3: Strengthened Institutional, Management, and Technical Capacity in the Education System

116-0420 Cross-Cutting Programs

Program Title: Cross-Cutting Programs